

Message Text

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ACTION EB-07

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R 202020Z MAY 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 7017

UNCLAS SANTO DOMINGO 2360

E.O. 11652: N/A

TAGS: EAGR, ETRD, DR

SUBJ: GULF & WESTERN SUGAR SALE

REF: A) SANTO DOMINGO 2084, B) SANTO DOMINGO 2146

1. GULF & WESTERN AMERICAS, ACCOUNTING FOR ABOUT ONE-THIRD OF THE DR'S ANNUAL SUGAR PRODUCTION, ANNOUNCED MAY 18 AN AGREEMENT TO SELL 500,000 METRIC TONS (MTS) OF RAW SUGAR TO COLONIAL SUGARS OF BORDEN, INC.

2. DELIVERY WILL BE OVER A FIVE-YEAR PERIOD FROM 1976 TO 1980, INCLUSIVE, WITH A MINIMUM OF 75,000 MTS DELIVERED YEARLY. SHIPMENTS WILL START IMMEDIATELY.

3. EVIDENTLY GODR GAVE ITS APPROVAL FOR THE SALE.

4. PRICE WILL BE 10-DAY PRICE DAILY AVERAGE OF FOB SPOT MARKET FOR FIVE DAYS BEFORE, FOUR DAYS AFTER, AND ACTUAL DATE OF DELIVERY AT DOCKSIDE IN THE US, PLUS A PREMIUM OF 42.5 POINTS (POINTS EQUAL HUNDRETHS OF CENTS PER POUND).

5. TOGETHER WITH PREVIOUS SALES REPORTED IN REFTELS A AND B, PRACTICALLY ENTIRE EXPORTABLE PRODUCTION OF GULF & WESTERN FOR THE YEARS 1976 THROUGH 1980 IS NOW COMMITTED.

6. IN SALE FOR 1976 REPORTED IN REF A, GULF & WESTERN WILL SUPPLY 265,000 MTS AND THE VICINI FAMILY (OTHER DR PRIVATE UNCLASSIFIED

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SUGAR PRODUCER) 35,000 MTS. VICINI HAD ALREADY SOLD ANOTHER 35,000

MTS IN THE EARLY PART OF THIS YEAR. THUS, VICINI HAS ALSO SOLD
ALMOST ALL OF ITS ENTIRE EXPORTABLE PRODUCTION FOR 1976.

7. SHOULD G & W HAVE ANY PROBLEM IN 1976 IN SUPPLYING BOTH THE
265,000 MT BLOCK REPORTED IN REF A AND THE LATEST 75,000 MT
BLOCK, IT CAN PROBABLY COMPENSATE IN FUTURE YEARS LOCAL SUGAR
BROKERS BELIEVE.

8. CEA, STATE SUGAR PRODUCER ACCOUNTING FOR ABOUT 60 PERCENT OF
DR SUGAR PRODUCTION, STILL HAS NOT SOLD ANY OF ITS SUGAR THIS
YEAR. IT SHOULD BE NOTED, HOWEVER, THAT UNDER EXISTING FOREIGN
EXCHANGE CONTROLS, ALL HARD CURRENCY REALIZED FROM SUGAR
EXPORTS MUST BE TURNED OVER TO THE CENTRAL BANK, AND THUS BECOMES
GENERALLY AVAILABLE TO THE COUNTRY FOR MAKING IMPORTS.
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